

Message Text

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ACTION EUR-12

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TAGS:ELAB,ETRD,EEC

SUBJECT: REFORM OF EC SOCIAL FUNDK

REF: EC BRUSSELS 1363

1.THE EUROPEAN SOCIAL FUND,WHICH HAS OPERATED UNDER FULL
EMPLOYMENT CONDITIONS FOR MOST OF ITS 19- YEARLIFE,NEEDS
TO BE ADAPTED TO ADDRESS TODAY'S CONTINUING HIGH UNEMPLOYMENT IN THE
COMMUNITY.THAT IS THE CONCLUSION OF EC VICE
PRESIDENT VREDELING AFTER AN INTENSIVE REVIEW OF THE FUND,
WHICH IS THE COMMUNITY'S CENTRAL INSTRUMENT FOR RETRAINING
WORKERS HIT BY UNEMPLOYMENT OR THE THREAT OR UNEMPLOYMENT.

2.THE COMMISSION HAS APPROVED AND SENT TO THE COUNCIL
VREDERLING'S PROPOSAL FOR ADAPTING THE FUND TO TODAY'S SITUATION.
ORIGINALLY THE EXERCISE WAS WIDELY BILLED AS A "REFORM" OF THE
SOCIAL FUND.THE COMMISSION ANNOUNCEMENT
SUMMARIZING VREDELING'S PROPOSAL CAREGULLY AVOIDS
THE WORLD " REFORM " FOR THE PROPOSED CHANGES,PERHAPS BECAUSE
THEY ARE NOT SWEEPING,PERHAPS BECAUSE THE COUNCIL IS
MORE LIKELY TO LEAVE INTACT A PACKAGE WITH A MODEST
LABEL.THE ANNOUNCEMENT IS HEADED " REVIEW OF THE
SOCIAL FUNDS: IPROVEMENTS PROPOSED."

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3.THE MOST IMPORTANT ELEMENTS IN VREDERLING'S
PACKAGE,AS APPROVED ON MARCH 16,ARE THESE:
A.MORE EMPHASIS ON GRANTS TO UNDERDEVELOPPED REGIONS.
B.APPROVAL IN PRINCIPLE FOR PROGRAMS OUTSIDE THE
FUND' TRADITIONAL FIELD OF VOCATIONAL TRAINING.
C.SIPLIFICATION OF THE FUND'S ADMINISTRATION.

4. IN THE VIEW OF THE FUND'S STAFFERS, THE ADMINISTRATIVE PROPOSALS MAY WELL TURN OUT TO BE THE MOST SIGNIFICANT. PRESENT REGULATIONS ARE EXTREMELY COMPLICATED, CONFUSING EVEN THOSE ADMINISTERING THEM.

THE MORE SIMPLIFIED PROCEDURES ARE DESIGNED TO BREAK EXISTING LOGJAMS IN APPROVING PROJECT PROPOSALS AND IN RELEASING FUNDS FOR THEM.

5. THE PROPOSALS TO NOT LIST ANY NEW TYPES OF ACTIVITIES, EITHER SPECIFICALLY OR IN GENERAL. RATHER, THE COMMISSION IS CAUTIOUSLY SEEKING COUNCIL APPROVAL FOR "THE POSSIBILITY .. TO APPLY NEW AIDS EXTENDING BEYOND THE FIELD OF VOCATIONAL TRAINING AND MOBILITY" -- EACH NEW KIND OF ACTIVITY LATER PROPOSED WOULD REQUIRE COUNCIL APPROVAL. FURTHER, IN DEFERENCE TO BUDGETARY LIMITATIONS, THE FUND'S CONTRIBUTIONS TO THESE NEW ACTIVITIES WOULD BE LIMITED TO ONLY 35 PER CENT OF PROJECT COSTS. (AND EXAMPLE OF A NEW ACTIVITY, SAYS A STAFFER, MIGHT BE PREMIUMS TO EMPLOYERS FOR HIRING NEW WORKERS IN LAGGING SECTORS.)

6. SUBSTANTIVELY, THE KEY PROPOSALS ARE THOSE DESIGNED "TO PUT A GREATER EMPHASIS ON AID IN FAVOR OF REGIONS WITH CHRONIC UNEMPLOYMENT PROBLEMS." THAT QUOTATION, FROM THE COMMISSION ANNOUNCEMENT, UNDERLINES THE WORD REGIONS TO EMPHASIZE THAT THE PRIORITY SHOULD NOT BE ON SPECIFIC SECTORS OF THE ECONOMY. ON SPECIFIC PROPOSAL IN THIS DIRECTION IS TO INCREASE THE FUND'S RATE OF CONTRIBUTION TO REGIONAL PROJECTS FROM THE PRESENT 50 UNCLASSIFIED

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PER CENT TO 65 PER CENT.

7. IN EXPLAINING THIS EMPHASIS, THE ANNOUNCEMENT SAYS: "GIVEN THE BUDGETARY LIMITS, THE FUND CANNOT HELP TO SOLVE THE EMPLOYMENT PROBLEMS IN THE COMMUNITY, SO IT IS ALL THE MORE NECESSARY THAT THE FUND'S AID SHOULD BE MORE CONCENTRATED THAN IN THE PAST."

8. NEVERTHELESS, THE PRESSURE FROM GOVERNMENTS TO AID AILING SECTORS WILL BE STRONG. PERHAPS IN ANTICIPATION OF THIS, THE PROPOSAL FOR REGIONAL EMPHASIS ALLOWS FOR AID TO "REGIONS WHERE A SECTOR VITAL TO THE ECONOMY IS IN DECLINE."

9. THE COMMISSION HOPES FOR FAVORABLE COUNCIL ACTION IN TIME TO PERMIT ITS PROPOSALS, WHICH TAKE THE FORM OF AMENDMENTS TO THE 1971 COUNCIL DECISION ON THE SOCIAL FUND, TO GO INTO FORCE BY JANUARY 1978. HINTON

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